

SEWER FUND (559)

MAJOR FUNDING CHANGES

Sewer Revenues

Sewer Service Charges

The City charges a fee for processing all wastewater in order to comply with federal and state requirements. Charges generated are for the operations, maintenance, and debt service of the City's five sewage treatment plants.

Fiscal Year 2003-04: Proposed charges for services are expected to increase by \$ 423,162 or 3.4% over the estimated charges for services revenues due to a projected increase in new accounts.

Sewer Expenditures

Privatization Agreement

October 1, 2002 marked the commencement date of a water and wastewater privatization agreement with United Water Services and the City of Laredo. In this privatization agreement, several of the operating divisions within the Sewer Fund were transferred over to United Water Services. Among the wastewater divisions that are now part of United Water are Wastewater Treatment and Wastewater Collection. The privatization agreement did establish two new divisions in the Sewer Fund: Utility Compliance and City Managed Employees. The Utility Compliance division will be responsible for overseeing compliance with the privatization contract between United Water Services and the City of Laredo.

Administrative Division

Fiscal Year 2003-04: The transfer out amount to Debt Service of \$ 3,689,978 includes transfers necessary to meet debt service payments on tax-supported debt. The transfer out to the Sewer System Debt Service of \$ 885,692 is used to cover debt requirements for revenue bonds used to fund sewer construction projects needed to improve the Sewer System.

In addition, a transfer out to the Sewer Construction Fund in the amount of \$1,299,153 will be used to fund infrastructure projects, such as: sewer plant improvements, collector/trunk line extensions and improvements to the downtown sewer lines, just to name a few.